

Tax Tip
Week of July 13, 2009

Saying Thank You is Taxable

It is CRA's policy that a social event that is available to all employees is not a taxable benefit, if the cost is less than \$100 per person. However,

“where the event is to celebrate the completion of a project or task, or a thanks for a job well done, the benefit is taxable, and must be included in the employee's income.”

If the employer takes all employees out to celebrate the first day of spring and the cost is less than \$100 per person, the party is not taxable. However, if an event costs the same amount but is to celebrate a corporate success, the amount appears to be taxable to the employees.

This may not make sense, but employees should be aware that the reason for celebrating a corporate event can result in a taxable benefit to employees.